



PANHANDLE

BENEWAH, BONNER, BOUNDARY, KOOTENAI, & SHOSHONE COUNTIES

LABOR FORCE & EMPLOYMENT

Writing a review of a year not completely over is a daunting task. No statistics are available yet for the fourth quarter, and statistics for the most important data—employment by industry—are not even available for the third quarter yet. For the region as a whole, estimates of employment by industry, based on a sample of employers, exist for July through November, and only the month of December had to be extrapolated. For the counties, this review contains an educated guess about the net result of economic developments in 2000.

The Panhandle economy began 2000 at high speed. Tourism was up. The *Lumber & Wood Products* industry was producing near peak levels. Manufacturing operations of all types were adding jobs, while call centers, software developers, and Internet companies were adding a few hundred jobs. In 1999, construction shattered previous records set in the boom of the early 1990s.

By the summer of 2000, increases in interest rates began to take a toll on the *Lumber & Wood Products* industry. Increased imports of lumber also depressed lumber prices. In July 1999, the composite price for 1,000-board feet of framing lumber peaked at \$490. By May, the price fell to \$326, and by July it fell to what was then its lowest level in five years, \$295. Many lumber mills shut down for two or more weeks, and some cut jobs permanently. The Orbar wood products plant in Post Falls permanently closed, putting 50 people out of work. Reduced mill production depressed logging activity. In August, when the most mill workers and loggers were laid off, employment in *Lumber & Wood Products* fell to its lowest level in at least 30 years.

In September, the Panhandle's lumber industry began stabilizing. All the

Panhandle Table 1: Labor Force & Employment

	Projected 2000	1999	% Change From Last Year
INDIVIDUALS BY PLACE OF RESIDENCE			
Civilian Labor Force	89,695	89,108	0.7
Unemployed	6,787	7,908	-14.2
% of Labor Force Unemployed	7.6%	8.9%	
Total Employment	82,908	81,201	2.1
JOBS BY PLACE OF WORK			
Nonfarm Payroll Jobs**	66,503	64,798	2.6
Goods-Producing Industries	14,486	14,529	-0.3
Mining	994	1,017	-2.3
Construction	4,748	4,732	0.3
Manufacturing	8,744	8,779	-0.4
Lumber & Wood Products	4,217	4,403	-4.2
All Other Manufacturing	4,527	4,376	3.5
Service-Producing Industries	52,017	50,269	3.5
Transportation	1,472	1,450	1.5
Communication & Utilities	1,047	1,009	3.8
Wholesale Trade	2,296	2,272	1.1
Retail Trade	15,207	15,087	0.8
Finance, Insurance & Real Estate	2,499	2,482	0.7
Services	16,507	15,416	7.1
Government Administration	7,812	7,602	2.8
Government Education	5,177	4,953	4.5

**Full- or part-time jobs of people who worked for or received wages in the pay period including the 12th of the month

mills but one were back in production by October. The Crown Pacific mill in Coeur d'Alene is not expected to call its 150 employees back until next spring.

In late 2000, higher interest rates and increased imports also began taking a toll on the U.S. manufacturing industry, and some of the jobs added at Panhandle area manufacturing operations early in the year were eliminated by the end of the year.

Reduction in the area's most important industry, *Lumber & Wood Products*—combined with decreased *Mining* and *Construction* employment—slowed the *Transportation; Finance, Insurance, and Real Estate; and Wholesale Trade* industries.

Fortunately, many favorable events offset the decline in those industries. Good winter and summer tourist seasons, continued growth at call centers, growth of the staffing industry, and expansion of the medical industry helped *Services* to grow an estimated 7.1 percent.

AREA DEVELOPMENTS IN 2000

Benewah County

Despite this summer's layoffs in its largest industry, *Lumber & Wood Products*, Benewah County's employment rose slightly in 2000. Its unemployment rate fell from 12.4 percent in 1999 to an estimated 11.2 percent in 2000. Its labor force remained stable at 4,600 people, and its population edged up slightly to 9,100.

As it did in the rest of the Panhandle, *Lumber & Wood Products* took a wild ride this year in Benewah County. The county's second largest mill, the Regulus Stud Mill in St. Maries, shut down for several weeks in late summer. Low prices also forced Potlatch to reduce employment at its St. Maries complex. In the fall, employment began to recover, as Regulus recalled its workers and many loggers returned to the woods. After Potlatch permanently closed its only other plywood mill—the Jaype mill in Clearwater County—Potlatch increased production and employment at the St. Maries complex's plywood plant. Potlatch expects to add up to 20 more workers in the next few months.

In August 1999, Pacific Northwest Fiberboard (PNF) opened at the site of the Rayonier mill that burned down in 1998. A joint venture of the Coeur d'Alene Tribe; Seed Inc. in nearby Tekoa, Washington, and Prairie Forest Products Inc. in Hutchinson, Kansas, PNF makes particleboard out of straw. It employs 35 people. Although the boards are not made of wood, their manufacture is classified as *Wood Products*. Falling prices for construction materials also affected PNF, whose inventory failed to sell. So, PNF was shut down from August through November. The Coeur d'Alene Tribe plans to develop an industrial park around PNF.

Other *Goods-Producing Industries* also experienced drops in employment and income in 2000. Low agricultural prices continued to hold down incomes of the county's farmers, who mostly grow wheat, peas, lentils, and grass seed. Higher interest rates and slower population growth reduced construction activity in St. Maries in 2000. The value of construction permits granted by the City of St. Maries, according to First Security Bank's *Idaho Construction Report*, was \$361,000 in the first nine months of 2000, 74.4 percent below the \$2,190,000 in the first nine months of 1999. The county's only mining operation, Emerald Creek Garnet near Fernwood, kept its employment steady around 50. Emerald Creek excavates industrial garnets used for sandblasting, water filtration, emery boards, and non-skid surfaces. The county only has four manufacturing operations not classified as *Lumber & Wood Products*. The largest of these operations, Peet's Shoe Dryer in St. Maries, employs 27 people. This fall, Peet's introduced a new product that may result in expansion.

Tourism remains small in Benewah County. Hotel-motel receipts, as reported in the Idaho Tax Commission's Travel & Convention Tax Report, decreased 19.1

percent from \$236,000 in the first ten months of 1999 to \$191,000 in the first ten months of 2000. However, Benewah County benefits from the largest source of new tourism jobs in Kootenai County, the Coeur d'Alene Tribe's casino just over the county border in Worley.

After its expansion in late 1998, the Coeur d'Alene Tribal Casino employed more than 400 people. In December 2000, the tribe opened a 94-room motel next to the casino, adding more than 30 jobs. Next spring, work will begin on an 18-hole golf course slated to open in 2002.

Medical services added approximately 30 jobs between 1999 and 2000. All three of the county's largest medical service providers—the community hospital in St. Maries, the Valley Vista care center in St. Maries, and the Benewah Medical Center in Plummer—added jobs. In December, a new health clinic opened in St. Maries. Housed by Panhandle Health District and staffed by volunteers, the clinic provides a range of medical, dental, and counseling services for low-income individuals. Valley Vista recently began a \$1.1 million expansion of its care center.

Moderate income growth allowed retail sales and the *Services* industry to grow at a fair pace in 2000. Taxable sales in Benewah County, as reported in the Idaho Tax Commission's Sales Tax Report, grew 3.4 percent from \$31.2 million in the first three quarters of 1999 to \$32.2 million in the first three quarters of 2000. Mountain States Glass, a telemarketing center in St. Maries, added a dozen jobs between 1999 and 2000. Most of the county's retail and *Services* growth occurred on the Coeur d'Alene Tribe reservation.

Bonner County

Despite the rash of lumber mill shutdowns in the summer of 2000, Bonner County's unemployment rate fell from 9.6 percent in 1999 to an estimated 8.3 percent in 2000. Growth in tourism, manufacturing, and service sectors provided many new jobs for the county's labor force of 17,600. Approximately 36,000 people reside in Bonner County.

The year 2000 began with Schweitzer Mountain Resort near Sandpoint hosting a record number of skiers, shattering the previous record set six years before. The even more critical summer tourist season also went well. Hotel-motel receipts, as reported in the Idaho Tax Commission's Travel & Convention Tax Report, increased 6.2 percent from \$8.7 million in the first ten months of 1999 to \$9.3 million in the first ten months of 2000.

Amusement and recreation operations continue to add new attractions. Harbor Resorts, which purchased Schweitzer Mountain Resort in December 1998, is expanding the Sandpoint resort's ski area and improving the village around the lodge. In late November, Schweitzer unveiled three new runs and a new high-speed chairlift that carries six passengers. Hidden Lakes Golf Resort, eight miles east of Sandpoint, is building a

new clubhouse, improving the course, and developing residential lots around the course.

Following large layoffs in early 1999, Coldwater Creek, the Sandpoint-based mail-order company, added jobs in 2000. Coldwater Creek recently reported that its payroll in the Sandpoint area rose from \$18 million in 1999 to \$21 million in 2000. Nearly 600 people work for Coldwater Creek in the Sandpoint area.

Temporary mill shutdowns in the summer decreased average *Manufacturing* employment for 2000 about 100 jobs below its 1999 level. Also contributing to the decrease was the closure of the 14-year-old Advanced Input Device circuit board plant at the Priest River Industrial Park. The plant, which closed in June, employed 16 people.

Higher interest rates and a slowdown in economic growth caused construction activity to drop in 2000. The value of construction permits granted by the cities of Sandpoint and Priest River, according to First Security Bank's *Idaho Construction Report*, was \$7.0 million in the first nine months of 2000, 49.7 percent below the \$13.8 million in the first nine months of 1999.

The retail sector grew slowly in 2000. Employment at retail stores stayed about the same. Taxable sales in Bonner County, as reported in the Idaho Tax Commission's Sales Tax Report, grew 2.5 percent from \$184.4 million in the first three quarters of 1999 to \$188.9 million in the first three quarters of 2000. Wal-Mart is turning its Sandpoint store into a Supercenter, adding 60,000-square feet to the current 100,000-square feet. The expansion will include a grocery store, hair salon, vision center, and bank.

Bonner County leaders renewed their commitment to economic development, forming the Bonner Economic Development Corporation to recruit new businesses to the county and assist existing businesses to grow. The county's economic development potential was enhanced by this fall's opening of North Idaho College's center in Sandpoint, allowing county residents to more easily develop their skills and local employers to train their work forces.

Boundary County

Boundary County experienced fairly strong growth in 2000, reducing its unemployment rate from 9.2 percent in 1999 to an estimated 7.8 percent in 2000. The county's labor force increased only marginally from 4,523 in 1999 to an estimated 4,543 in 2000, while the number of employed persons rose 2.0 percent from 4,108 to 4,189. In 2000, Boundary County's population approached and may have passed the 10,000 mark.

The county's largest employer, CEDU Family of Services, employs 350 people near Bonners Ferry at Rocky Mountain Academy, Northwest Academy, and other educational and counseling programs for teens. Its employment grew slightly between 1999 and 2000.

In 2000, the Kootenai Tribe drew even bigger crowds to its Kootenai River Inn Casino in Bonners Ferry. Hotel-

motels receipts, as reported in the Idaho Tax Commission's Travel & Convention Tax Report, increased 21.8 percent from \$1.6 million in the first ten months of 1999 to \$2.0 million in the first ten months of 2000.

Higher interest rates decreased construction activity in 2000. The value of construction permits granted by the City of Bonners Ferry was \$262,000 in the first nine months of 2000, 84.9 percent below the \$1,731,000 in the first nine months of 1999, according to First Security Bank's *Idaho Construction Report*.

Low agricultural prices and the summer's troubles in the lumber industry hampered retail growth. Taxable sales in Boundary County, as reported in the Idaho Tax Commission's Sales Tax Report, fell 0.9 percent from \$35.6 million in the first three quarters of 1999 to \$35.3 million in the first three quarters of 2000. Most people expect retail sales to grow during the next year. A department store and electronics store opened in the last few months in Bonners Ferry. Richard and Linda Larson opened Larson's Department Store in the former JC Penney building. Ralph and Beverly Goding recently opened a 1,600-square-foot Radio Shack on Main Street.

The Kootenai Tribe and the City of Bonners Ferry are working together to create an economic development plan that will foster the growth of existing businesses and allow the community to recruit new businesses. A \$70,000 federal grant and \$10,000 each from the city, county, and tribe will be used to revitalize downtown Bonners Ferry with landscaping and ornamental street lamps, create a greenbelt for walking and biking along the Kootenai River, and develop the industrial park near the airport. In addition, two museums—one for the Kootenai Tribe and one about early Boundary County settlers—may be developed.

Kootenai County

Kootenai County's labor market grew tighter in 2000. Kootenai County's unemployment rate dropped from 8.1 percent in 1999 to an estimated 6.7 percent in 2000. Unemployment declined, because *Service-Producing Industries* expanded and many county residents found jobs just over the border in the Spokane Valley. Of the approximately 56,000 Kootenai County residents in the labor force, about 15 percent work in Spokane County, Washington. But Kootenai County not only exports labor, it also imports it from Bonner, Shoshone, and Benewah counties. In addition, the 2,800 people who move there each year continuously refresh Kootenai County's labor pool. Approximately, 108,000 people live in Kootenai County.

Employment in *Goods-Producing Industries* declined marginally in 2000. Job losses in *Lumber & Wood Products* offset job gains in *All Other Manufacturing* employment, while low precious metal prices forced a few job cuts in *Mining*. Higher interest rates slowed construction activity in 2000. The value of construction permits granted in Kootenai County, according to First Security Bank's *Idaho*

Construction Report, grew 1.1 percent from \$140.5 million in the first nine months of 1999 to \$142.2 million in the first nine months of 2000.

Call centers continued to add jobs in Kootenai County. Employment at the Coldwater Creek call center grew to 400 by late 2000. GTE Northwest (now Verizon) increased employment at the Coeur d'Alene order-processing center that it opened in 1998 to nearly 300. Pleased with the productivity of its Coeur d'Alene center, Verizon chose to open a second order-processing center there. The new order-processing center opened in the summer of 2000, and may employ 70 people by the end of the year.

The tourism industry performed well in 2000. The Silverwood Theme Park broke its previous attendance record. Triple Play, an entertainment complex, opened in Hayden, and will give tourists and locals more recreational opportunities. Hotel-motel receipts, as reported in the Idaho Tax Commission's Travel & Convention Tax Report, increased 7.1 percent from \$30.5 million in the first ten months of 1999 to \$32.6 million in the first ten months of 2000.

With more tourists in town and population continuing to grow, all retail sectors, except building material stores, added jobs in 2000. Taxable sales in Kootenai County, as reported in the Idaho Tax Commission's Sales Tax Report, grew 4.8 percent from \$602.2 million in the first three quarters of 1999 to \$630.9 million in the first three quarters of 2000.

Services and Government expanded to meet the needs of the growing population. Kootenai County's medical sector, led by the Kootenai Medical Center (KMC), added 300 jobs during the year. Rising enrollments at public schools and North Idaho College, whose fall enrollment passed 4,000 this year, created 170 jobs.

Shoshone County

For the first time since 1990, the county's unemployment rate fell below 10 percent. It fell from 11.3 percent in 1999 to an estimated 9.7 percent in 2000. The unemployment decline resulted more from increased job opportunities in Kootenai County than in Shoshone County.

In the 1990s, Shoshone County's population hovered around 14,000, and its labor force grew slowly from 6,600 to 6,900. The population stability is remarkable given the wrenching job losses when mines closed in the 1990s. The population remained stable, because retirees moved there to replace families that left to take jobs elsewhere and because other Shoshone County residents were able to find jobs in Kootenai County. Of the 6,200 Shoshone County residents who hold jobs, an estimated 1,000 of them hold jobs in Kootenai County.

Shoshone County's economy still relies heavily on mining of silver, lead, and zinc. The three major mines—the Sunshine, the Galena, and the Lucky Friday—each employ more than 200 people. Low silver prices forced

the Sunshine to reduce employment during the last year.

Shoshone County's next largest sector—tourism—continues to grow. Silver Mountain Resort at Kellogg and the smaller Lookout Pass Ski Area east of Wallace enjoyed a strong ski season in 1999. The summer tourist season was a little slower than expected. The net result was a 7.2 percent increase in hotel-motel receipts from \$2.1 million in the first ten months of 1999 to \$2.2 million in the first ten months of 2000, according to the Idaho Tax Commission's Travel & Convention Tax Report.

Shoshone County bucked the Panhandle's trend of declining construction activity. The value of construction permits granted in Shoshone County, according to First Security Bank's *Idaho Construction Report*, grew 46.7 percent from \$3.4 million in the first nine months of 1999 to \$5.0 million in the first nine months of 2000.

Retail Trade employment would have fallen in 2000, if it weren't for the continued growth of Dave Smith Motors in Kellogg. The dealership's one-price system, growing Internet sales, and airport shuttles for potential customers increased its employment from 70 jobs in 1994 to more than 200 jobs in 2000. Taxable sales in Shoshone County, as reported in the Idaho Tax Commission's Sales Tax Report, fell 3.6 percent from \$69.7 million in the first three quarters of 1999 to \$67.2 million in the first three quarters of 2000.

The Silver Valley Economic Development Corporation (SVEDC) is developing a 78-acre light-industrial park at Smelterville. The park development is part of a \$32 million Superfund cleanup project funded by an Environmental Protection Agency (EPA) grant. The park will offer companies a pleasant location next to Interstate 90 and the Smelterville Airport.

Silver Valley residents warmly welcomed the park's first tenant, Tele-Servicing Innovations (TSI), when it announced it would open a call center there. TSI will move into the park's first building when it is completed in early 2001. In the meantime, TSI hired 40 Silver Valley residents to work in temporary quarters in Coeur d'Alene, and buses them from Silver Valley to Coeur d'Alene. Once it moves into the park, the TSI call center will ramp up to 120 jobs. TSI and the industrial park are promises of future growth for Shoshone County, which endured many economic blows during the last two decades.

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